



Contribution Rate Stability Initial Consideration

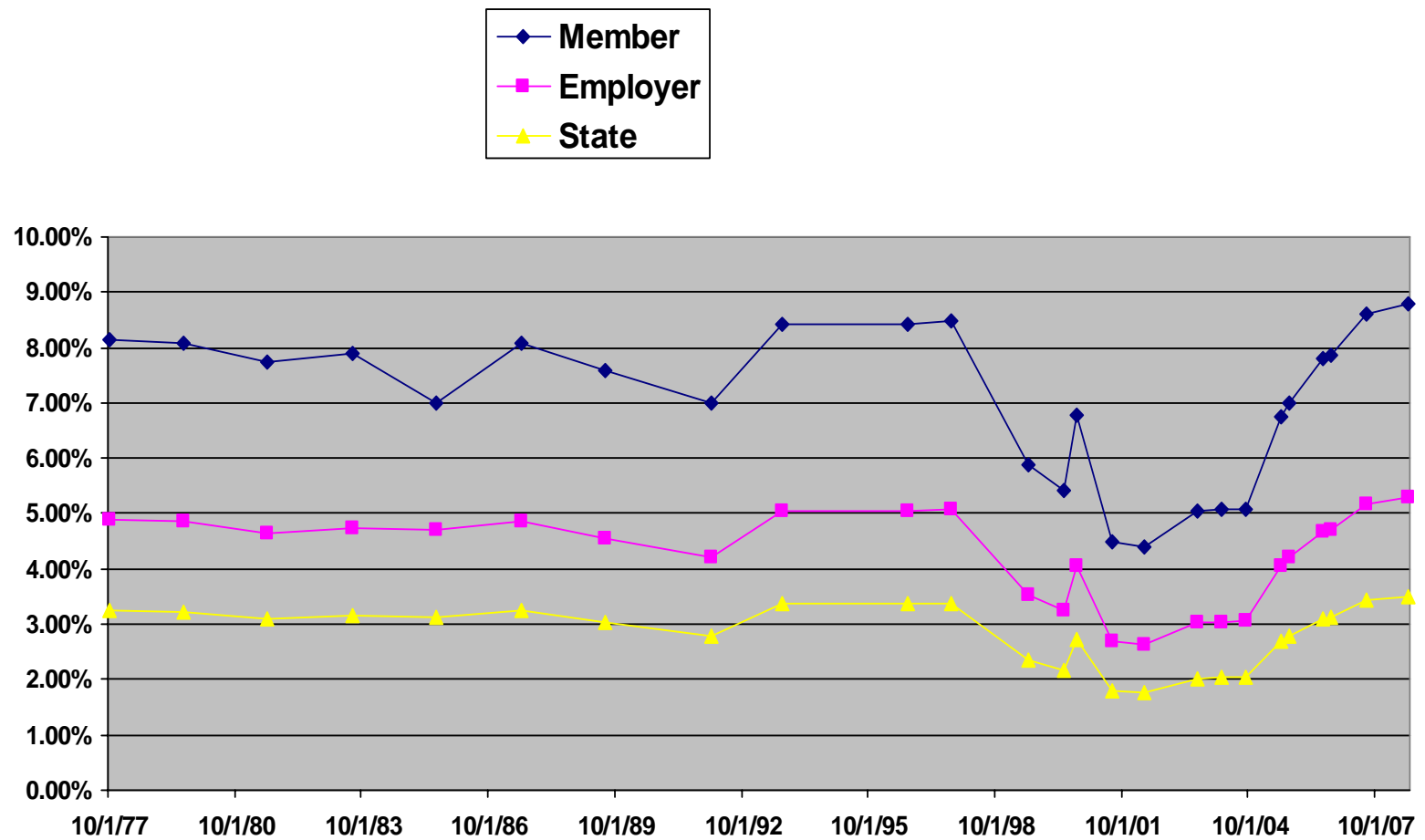
LEOFF Plan 2 Retirement Board

June 19, 2007

Brief Summary

- Historical Rates
- 2004 Board Adopted 4-Year Rate Schedule
- Ongoing Rate Stability
- Influences on Rates
- Policy Issues

Historical Rates



2004 Board Adopted 4-Year Rate Schedule

Effective Date	Member	Employer	State
07/01/2005	6.75%	4.05%	2.70%
09/01/2005*	6.99%	4.20%	2.79%
07/01/2006	7.79%	4.68%	3.11%
09/01/2006*	7.85%	4.72%	3.13%
07/01/2007	8.60%	5.17%	3.43%
07/01/2008	8.79%	5.28%	3.50%

*Supplemental

Ongoing Rate Stability

- Minimum Contribution Rate
 - 90% of the entry age normal cost (EANC = 8.67%)
- Corridor Funding
 - Established a minimum and maximum ratio of actuarial to market value of 30%
- Asset Smoothing
 - Allows for excess gains and losses to be recognized over a period of up to 8 years

Influences on Contribution Rates

- Future Investment Returns
 - The preliminary deferred investment amount for 2006 will be \$495 million
- Change in Economic Assumptions
 - Rate of return, inflation, salary growth, growth in system membership
- Experience Study
 - Projected improvements

Policy Issues

- Current 4-Year Plan Ends 07/01/2008
- Some Options to Consider
 - Variable rate based on OSA valuation
 - Fixed rate

Contribution Rate Stability

QUESTIONS?